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21 May 1951

MEMORANDUM FOR THE NATIONAL ESTIMATES BOARD

FROM: [REDACTED] 25X1A9a

SUBJECT: HLE-32, Briefing

1. The various agency contributions indicate no important areas of disagreement among the IAC or O/RR on the effects of the Korean war on Chinese Communist capabilities.
2. Virtually all the contributions emphasize the lack of information available on China and most conclusions are carefully qualified.
3. The conclusions which can be made from the material at hand are as follows:
 - a. Economic effects of Korean war slight. No critical economic problems in Communist China now or in foreseeable future.
 - b. Military losses high -- some good units lost. Also casualties among junior officers and non-coms high.
 - c. Mobilization, strictly speaking, has actually not taken place. Increase in Field Force units offset by commitments to Korea. But deployment has strengthened forces in Manchuria, on southeast coast and along southwest border. "Uncommitted" forces probably relatively few.
 - d. Field Force units could be expanded rapidly from Military District troops and militia. Air Force could be redeployed from North China and Manchuria without difficulty. Navy now available, but efficiency is low.
 - e. USSR has confined military aid to aircraft and POL. Possibly also some small arms and ammunition, and electronic equipment.

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- f. No political or military cleavages have arisen as a result of the Korean war. None in prospect.
- g. No serious strain on Sino-Soviet relations. None in prospect.
- h. Popular support has waned. But no threats to consolidation of country. May result in inhibiting external operations as a result of large military forces necessary within China.

4. It is suggested that the estimate should be limited in scope so that the paper will be as non-controversial as possible in order to get full IAC concurrence. Thus, subsequent papers based on this estimate will start with an agreed-upon foundation.

- a. It is suggested that the paper should not get into a discussion of Chinese Communist intentions, nor should it go into anything more than a general statement as to Chinese Communist capabilities to undertake additional external military operations.
- b. It is suggested that the time scope of the paper should be limited to the next several months.

5. One major problem of analysis has become evident. The contributions and my own thinking assess China's problems from three distinct points of view -- economic, military, and political. This permits a fairly clean-cut discussion, but is not very helpful in arriving at an over-all estimate (the problem of adding apples and oranges). At this point, I am not sure whether an over-all assessment can in fact be made, because of the danger of being too glib with respect to a complex problem on which little information is available.

6. The analytical problem, above, suggests that the most simple and direct approach would be to organize the paper into three sections: Economic, Military, and Political, with a general Introductory section, and, if possible, an over-all assessment. There is some useful material particularly in the military and economic contributions which could, if the Board agrees, be incorporated into appendixes.

7. It is my hope to have a draft available for Board consideration on Wednesday, 23 May. Assuming that the Board review involves no major rewrites, I believe it is possible for NIE-32 to be well in the concurrence process by the time the Burma and Indochina estimates are being drafted.

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